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FISCAL IMPACT REPORT

ORIGINAL DATE 2-1-08

SPONSOR Swisstack LAST UPDATED _____ HM 40

SHORT TITLE Study Effect of EPA Clean Water Standards SB _____

ANALYST Aubel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		.01*		.01*	Non-Recurring	See narrative

(Parenthesis () Indicate Expenditure Decreases)

*Unkown

Relates to House Bill 613, House Bill 566, and House Bill 531 (Duplicates HB531)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and natural Resources Department (EMNRD)
 New Mexico Environment Department (NMED)
 New Mexico Finance authority (NMFA)

SUMMARY

Synopsis of Bill

House Memorial 40 requests the New Mexico Legislative Council to direct the appropriate interim legislative committee to assess the effect of the Environmental Protection Agency's new clean water standards on New Mexico capital expenditures for prevention of pollutants and management of illicit discharges into New Mexico water systems. The Memorial further requests that the committee report its findings and recommendations to the Legislative Council by January 1, 2009.

FISCAL IMPLICATIONS

The Environment Department notes that if the agency is needed to assist with the proposed study, contract or in-house staff resources may be needed. NMED is funded from various

sources and the fiscal impact is unknown due to the undefined scope of the project.

SIGNIFICANT ISSUES

A capital expenditure is an expenditure to acquire or upgrade physical assets, such as property, buildings, or equipment. EMNRD notes that this Memorial appears to be concerned with the financial effects of EPA's new clean water standards on New Mexico's capital expenditures for pollution discharge prevention and management.

NMED provides the following background information relating to EOPA discharge standards:

The federal Clean Water Act requires storm-water management at some municipal facilities (solid waste, water treatment, power generation, etc.) under industrial storm-water permit requirements. Additionally, several communities within New Mexico are required to obtain coverage under new small municipal storm-water regulations and associated permit requirements (Small MS4 Storm-water Program) recently issued by the USEPA. The Small MS4 Storm-water Program requires, among other things, control of illicit discharges.

The federal Small MS4 Stormwater Program requires permit coverage for MS4 operators that operate storm sewer systems located within all or parts of the following Urbanized Areas:

Albuquerque – Albuquerque, Bernalillo, Carnuel, Corrales, Isleta Village Proper, Los Ranchos de Albuquerque, North Valley, Rio Rancho, Santa Ana Pueblo, South Valley, Bernalillo County, Sandoval County;

Las Cruces – Dona Ana, Las Cruces, Mesilla, University Park, Dona Ana County;

Farmington – Aztec, Farmington, Flora Vista, Kirtland, San Juan County;

Santa Fe – Agua Fria, La Cienega, Santa Fe, Tesuque, Santa Fe County; and

El Paso, Texas – Anthony, Santa Teresa, Sunland Park, unincorporated areas in Dona Ana County.

In addition, the U.S. EPA has proposed to regulate the following three municipalities with populations between 10,000 and 50,000 located outside of an Urbanized Area: Clovis, Las Vegas, and Roswell.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates House Joint Memorial 20.

Relates to House Bill 566 that would appropriate \$20 thousand general fund to Cibola County for compliance with Federal Clean Water Regulations.

Relates to House Bill 531, which is a duplicate appropriation request of House Bill 566.

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Relates to House Bill 613, which would appropriate \$25.0 thousand from the general fund to the Environment Department to clean, deodorize and sanitize commercial and residential refuse containers to assist municipal and county governments in complying with 2008 federal regulations.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The fiscal impact of EPA's new clean water standards on New Mexico's capital expenditures for prevention of pollutants and management of illicit discharges into New Mexico water systems will most likely not be analyzed and reported.

MA/nt